



April 19, 2010

Ms. Donna J. Gambrell, Director
CDFI Fund
US Department of Treasury
601 13th Street, NW
Washington, DC 20005

Dear Ms. Gambrell;

Thank you for the opportunity to submit comments on issues regarding the CDFI Fund and its statutory requirements. I have organized my comments in the same order and numbering sequence as the questions posed in the Request for Public Comment published in the Federal Register, Volume 75, No. 44, March 8, 2010.

A.1 Community Development Advisory Board

A.1(d)

Yes, term limits insure fresh perspective on topics; limit to four years.

A.1(e)

Yes, baseline requirements needed to insure advisory board members can contribute to discussion upon appointment.

B.1. Definitions

B.1.(a)

The low-income and targeted population definition is still viable; the relative simplicity of the definition allows local flexibility and does not over burden the delivery of services complex formulas, eligibility criteria, etc.

B.1(d)

The definitions are okay, but the specific ratios, etc. required for FHLB membership and borrowing are not appropriate for certification or other issues.

B.2. Certification

CDFI certification should place heavy weight on the provision of equity investments and/or loans to low-income persons, families, and communities ($\leq 80\%$ AMI) that promotes community and economic development. If an organization does not, as its primary mission, provide financing products to individuals and organizations other than its own subsidiaries then it should not be considered a CDFI.

B.2(a).

The CDFI Fund should seek to certify organizations that can demonstrate a certain basic capacity to provide financing products in a prudent and responsible manner. Certification should be extended only to those organizations that have demonstrated for a period of time – perhaps three years – that there is capable management, adequate operation structure, and some threshold of loan fund capital (may differ by type of lending done by the organization) in place. The purpose of certification is to “certify” that the mission is consistent with the legislation, and that the organization is actively and capably delivering financial products to the targeted population or investment area.

B.2.(c)

Yes, audited financial statements are an essential part of the evaluating the capacity of the organization to deliver services.

B.2(d)

Yes, CDFI's should be recertified periodically; the number of years might vary depending on the size, type, age and prior performance. The range might be between every two to seven years.

B.2(e)

Yes, to insure credibility of the industry and the certification process a regular notification is approximate. Again, it might vary on size, age, type of CDFI, and range from one to three years.

B.2(f)

Yes, the CDFI certification review needs to include an assessment of the organization's underlying financial soundness. This probably means the creation of a scoring system or scale that can account for the diversity of types of lending, size and complexity of the organizations. The financial documentation listed here are relevant but it is oversimplified. There are strong CDFIs that may not meet all these tests every year.

B.2(h)

Yes, but again, the process needs to take into account size and type of lending done by the various types of CDFIs.

B.4(a)-(g)

Use definitions that exist for other federally funding community and economic development programs.

B.4(a)-(d)

Institutional diversity should continue to be a priority and, yes, specific amounts should be designated for different types of institutions.

B.5

Yes, there needs to be a limit to the number and amount of awards a single CDFI can receive. Larger CDFIs have more sources of funds available to them and the purpose of the CDFI Fund should be to help stabilize young and growing, small and medium-sized CDFIs.

B.5(d)

A CDFI federal loan guarantee could be an efficient and cost effective approach to supporting growth in the industry. The SBA model could offer a good starting point for structure.

B.5(g)

Maybe under very limited circumstances; it would be helpful in markets that have few or no CDFIs but the CDFI fund needs to be careful not to promote duplication.

B.6(a)

Yes, a cap is critical in helping to level the playing field for small and medium-sized CDFIs.

B.6(d)

No, the \$5 million limit allows substantial room for support to larger CDFIs.

B.7(a)-(c)

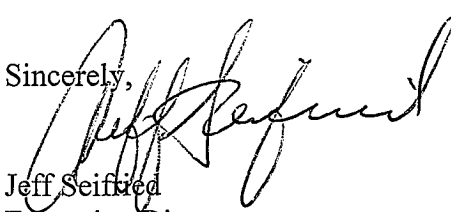
Matching funds is an important concept to maintain; it demonstrates an applicant's local support and capacity sustain itself beyond federal subsidy. The "comparable form" criteria seems cumbersome and adds little value. Retain comparable value (ie dollar-for-dollar) and require match to have a minimum term of availability, say five years, to qualify as match. The ability to make exceptions is important and should be retained.

B.7(d)

The provision should remain applicable to small applicants by the thresholds could be increased to total assets of \$250,000 and requests of up to \$100,000.

I would be happy to discuss my comments in more detail with your staff if clarification or more detail is desired.

Sincerely,



Jeff Seifried
Executive Director